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SURVIVING YOUR BUSINESS IN HIGH POLITICAL RISK SITUATIONS

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Today, Pakistan is facing multifaceted challenges, be it an economic meltdown, an increase in the inflation rate, a law and order situation, an increase in unemployment, a low GDP rate, an increase of security officials in civilian institutions, political uncertainty due to upcoming elections, etc. As a result, the main driver of the economy which is the business and industry is facing tremendous pressure for its survival.

Now businesses operate in a globalized world, the increasing importance of political risks is becoming more and more important. Changes in Government policies, instability, legal movements, and geopolitical tensions are among the many possible issues today organizations are facing. These factors can have considerable influence on a company's business operations, profitability, and viability for the foreseeable future. Consequently, all organizations wishing to succeed in a dynamic and constantly unpredictable environment need to understand how to deal with political risks at the business level.

This article presents a range of political risk dimensions to business, including strategies and best practices for the effective management and mitigation of these risks. Businesses can make better use of the complex policy environment if they gain a more complete understanding of political risks and take active measures to mitigate them.

I. NATURE OF POLITICAL RISKS:

It is important for companies to take into account the different dimensions of political risk management so that they can make effective use of it. Three major types of political risk can be distinguished from each other:

a. Political Affiliation Risk

Sometimes organizations are affiliated with some political parties. There are pros and cons attached to this sort of association. Businesses get an advantage when their political party is in power and face repercussions when the opposition party is in government.

b. Economy Risk:

The economy where a company operates is subject to this type

of political risk which affects the general stability and economic situation. The operation of a company and its financial health can be affected by factors, e.g. stable government policy, the economy's performance, or social unrest. In particular, supply chains may be disrupted by sudden changes in government leadership or worsening economic conditions, reducing consumer demand and potentially leading to the seizure of assets.

c. Organizational Risk:

The operational political risk focuses on the specific challenges that a company faces in one country. The government's regulations, administrative burdens, and restrictions on foreign ownership may be part of these challenges. A company may be restricted in its capacity to transport goods effectively between borders, e.g. through strict import and export regulations.

d. Currency Risk:

If a company faces problems in transferring funds within and out of the country, funds transfer risk arises. This can be a result of restrictions on currency exchange, capital controls, or policy instability leading to devaluing. In those cases, companies may be faced with the challenge of recovering profits, payments to suppliers, or service debt.

II. IDENTIFYING POLITICAL RISK FACTORS

Identifying the specific factors that may be a threat to your business is an important step in taking care of policy risk. Businesses should be able to achieve this effectively, by:

a. Assessing the Risk

The political and economic situation in countries where you do business or have plans for expansion will be regularly assessed. To identify possible risks, engage with local experts, consult government reports, and analyze historical data.

b. Continuously Monitor Geopolitical Development

Don't forget to be aware of geopolitical events that may have an impact on your business. International conflicts, penalties, and trade disputes are some of them. This can affect supply chains around the world, as well as market dynamics.

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c. Evaluate Regularly Environment

See what regulatory environment you're looking at in your target markets. Analyze how your operations are affected by government policies, legislation, and regulations. In order to manage compliance challenges, consider cooperating with experts in the field of law and regulation.

d. Assess Cultural and Social Factors

Recognize that policy risks can also be influenced by the dynamics of society and culture. Businesses may be hampered by factors such as public anger, protests, and strikes that are damaging a company's reputation.

III. STRATEGIES FOR MANAGING POLITICAL RISK

It is essential to devise strategies for the effective management and mitigation of these risks as soon as you identify the political factors. Some key strategies and best practices can be found here:

a. De-Affiliate from Political Parties

The best option is to always refrain from getting politically affiliated. For some reason, if that option is no longer available and some sort of association now exists, then it's still not too late to try developing distance from all sorts of politics and build an image of being politically non-aligned. As a principle, business organizations should not get involved and become a party in national and international politics.

b. Geographical Expansion

Diversification of the geographical presence of your business is one efficient way to reduce political risk. If you operate in more countries, your exposure to risks will be spread. Your activities in other safe regions may be of further benefit to your business should one market experience political instability.

c. Build Reliable Relationship

It can be very useful to build a rapport with local stakeholders, including public officials, business partners, and local communities. In times of difficulty, these relationships may offer insights into the political climate, creating goodwill and offering protection.

d. Political Risk Insurance

Consider buying political risk insurance which can protect you financially in case of a policy crisis, e.g. an expropriation or currency depreciation. These policies can be of benefit to companies in the recovery of losses and their continued operation.

e. Developing Future Scenarios

Build future scenarios. Build at least three scenarios for optimistic, pessimistic, and as-is-it futures. For different scenarios of political risk, draw up contingency plans. If there are any disturbances, your company will be able to respond more quickly and effectively because it has in place a plan for dealing with them.

f. Be Regulatory Compliant

Make sure that local laws and regulations are strictly observed. It minimizes the potential for government intervention or penalties to be imposed on your business. Make sure you hire a lawyer to deal with the complicated environment of regulation.

g. Develop Reliable Supply Chain

Continuously examine and strengthen the resilience of your supply chain. In order to decrease the dependency on politically vulnerable regions, diversification of suppliers, maintaining adequate stocks, and considering alternate supply routes are needed.

h. Manage Exchange Rate Risk

Manage the risk of transfers effectively by introducing effective currency risk management strategies. Such a strategy may include

the use of hedging strategies, multi-currency Accounts, or diversified investment in different currencies.

i. Engage Stakeholders

Be active, both at local and international levels, and engage all the stakeholders. In order to remain up to date and affected by policy decisions, if possible, preserve open channels of communication with public authorities, industry associations, and NGOs.

j. Regularly Evaluate Risk

Regular risk assessments and adaptation to your strategies will be needed, given the dynamic nature of political risks. Continuous monitoring of developments in politics and updating your risk mitigation plans if necessary.

IV. EXAMPLES OF SUCCESSFUL POLITICAL RISK MANAGEMENT

We shall look at some case studies of successful political risk management companies to show how those strategies are being applied in practice:

a. Coca Cola

Because of protests over the use of water at its bottlers' plants, Coca-Cola has had to face political risks in India. To address this situation, the company has undertaken a high level of community outreach, participated in water sustainability projects, and worked closely with regional authorities. This proactive approach has built trust and mitigated political risk for Coca-Cola while maintaining its activities in India.

b. Vodafone

In the context of the Arab Spring uprisings in Egypt, Vodafone has been exposed to a significant political risk. Through cooperation with public authorities, emphasis on the safety of staff, and flexibility in its business practices, the company continued to operate. It allowed Vodafone to manage the crisis and continue providing its services.

c. ExxonMobil

In Equatorial Guinea, where the government has a tendency to act in an arbitrary manner, ExxonMobil faced political risk. Maintaining a clear relationship with public authorities, complying with rigorous standards of compliance, and involvement in community development projects enabled the company to mitigate these risks. In the region, these efforts have provided ExxonMobil with a stable operating environment.

CONCLUSION

Managing geopolitical risks within businesses is a key competence of organizations operating around the world during an era of increased policy volatility. In order to succeed in the long run, it is essential that we gain knowledge of the various aspects of political risk, identify possible threats, and implement effective strategies for mitigating these risks.

Despite the fact that political risks can't be completely eliminated, businesses that diversify their activities, develop good relations, comply with regulations and proactively manage risk have been able to dramatically decrease their exposure to policy disturbances. In addition, in the face of ever-evolving political challenges, it will be possible for businesses to adapt their strategies and benefit from lessons learned by successfully performing case studies as well as periodically updated risk assessments.

Businesses may position themselves as resilient and trusting by recognizing the value of political risk management and how to implement good practices, thus enabling them to navigate a complicated and unpredictable government landscape.

10 Emerging Technologies that Transform Businesses in 2024 (cont.d)

By: Muhammad Aleem Habib

As we approach the year 2024, we find ourselves on the cusp of a technological revolution. The pace of technological innovation is accelerating, and it can be difficult to keep up with the latest trends. From quantum computing to autonomous vehicles, these emerging technologies are poised to change the way we live and work. However, there are a number of emerging technologies that have the potential to have a significant impact on our lives in the coming years. In this article, we will explore the top 10 emerging technologies that are expected to make a significant impact in 2024 and beyond. We will examine the potential of each technology, its current state of development, and the implications it may have for various industries and sectors.

Here are few emerging technologies to watch in 2024:

6. 5G Networks: Enabling Faster and More Reliable Connectivity

5G networks are the latest generation of wireless technology, offering faster speeds, lower latency, and more reliable connectivity than ever before. With the ability to handle massive amounts of data at lightning-fast speeds, 5G networks have the potential to revolutionize the way we use technology.

In 2024, we can expect to see 5G networks become even more prevalent, with advancements in areas such as edge computing, the Internet of Things (IoT), and virtual and augmented reality. This will enable 5G networks to become more intelligent and capable, providing faster and more responsive services to users.

One of the most promising applications of 5G networks is in the field of virtual and augmented reality. With the high-speed connectivity provided by 5G networks, users can experience immersive and interactive virtual and augmented reality environments with ease. 5G networks can also transform industries such as healthcare, transportation, and education. With faster and more reliable connectivity, 5G networks can enable remote surgery, autonomous vehicles, and distance learning, among other applications.

As we look ahead to 2024, it is clear that 5G networks are set to become an increasingly important technology trend, enabling faster and more reliable connectivity and unlocking new possibilities for innovation and productivity.

7. Biotechnology: Advancements in Healthcare (Gene Editing)

Biotechnology is an emerging field that combines biology and technology to create new products and processes that improve our lives. From healthcare to agriculture, biotechnology has the potential to revolutionize industries and solve some of the world's biggest challenges.

In 2024, we can expect to see biotechnology become even more advanced, with advancements in areas such as gene editing, synthetic biology, and personalized medicine. This will enable biotechnology to provide even more targeted and effective treatments for a range of diseases and conditions.

One of the most promising applications of biotechnology is in the field of healthcare. By developing new treatments and therapies that target specific genes or cellular processes, biotechnology can help to improve outcomes for patients with a wide range of diseases and conditions. Biotechnology can also transform industries such as agriculture and energy by developing new crops and fuels that are more efficient and sustainable.

As we look ahead to 2024, biotechnology is set to become an increasingly important technology trend, providing new solutions to some of the world's biggest challenges.

8. Blockchain: Revolutionizing Industries and Transactions

Blockchain is a revolutionary technology that is transforming industries and transactions around the world. By providing a secure, decentralized, and transparent way to store and transfer data, blockchain has the potential to disrupt a wide range of industries, from finance and healthcare to supply chain management and beyond.

In 2024, we can expect to see blockchain become even more prevalent, with advancements in areas such as interoperability, scalability, and security. This will enable blockchain to become more accessible and user-friendly, paving the way for widespread adoption across industries.

One of the most promising applications of blockchain is in the field of finance. By enabling secure and transparent transactions without

the need for intermediaries, blockchain can reduce costs, improve efficiency, and increase transparency in financial transactions. Blockchain can also revolutionize supply chain management by providing a secure and transparent way to track products from origin to destination. This can help to reduce fraud, improve product safety, and increase efficiency in the supply chain.

As we look ahead to 2024, blockchain is poised to become an increasingly important technology, revolutionizing industries and transactions in ways that were previously impossible.

9. Internet of Behaviour: Connecting Data and Human Behaviour

The Internet of Behaviour (IoB) is a new and emerging technology that combines the power of data analytics with our understanding of human behaviour. By using data from sensors, wearables, and other sources, the IoB has the potential to provide us with new insights into our behaviour, preferences, and decision-making processes.

In 2024, the IoB is expected to become even more prevalent, with advancements in areas such as artificial intelligence, machine learning, and predictive analytics. This will enable the IoB to provide us with even more personalized and targeted experiences, from healthcare and education to marketing and advertising.

In the world of marketing and advertising, the IoB can help companies to better understand their customers and target them with more relevant and personalized messages. By analysing consumer behaviour and preferences, the IoB can help companies to create more effective marketing campaigns and improve customer engagement.

As we look ahead to 2024, the IoB is set to become an increasingly important technology, connecting data and human behaviour in new and innovative ways.

10. Human-Machine Interaction: Redefining Our Relationship with Technology

Human-machine interaction (HMI) is an emerging field that aims to create more intuitive and natural ways for humans to interact with technology. By combining advances in areas such as artificial intelligence, machine learning, and robotics, HMI has the potential to transform the way we use technology and improve our daily lives.

In 2024, we can expect to see HMI become even more advanced, with advancements in areas such as natural language processing, gesture recognition, and brain-computer interfaces. This will enable HMI to become more natural and seamless, providing more intuitive and responsive experiences for users.

One of the most promising applications of HMI is in the field of healthcare. By enabling more natural and intuitive interactions between patients and healthcare professionals, HMI can help to improve patient outcomes and reduce healthcare costs. HMI can also transform industries such as manufacturing and logistics by providing more efficient and responsive interfaces for workers.

As we look ahead to 2024, HMI is set to become an increasingly important technology trend, redefining our relationship with technology, and unlocking new possibilities for innovation and productivity.

These are just a few of the emerging technologies that have the potential to shape our lives in the coming years. There are a few things that businesses can do to prepare for these emerging technologies:

Stay up to date on the latest trends: This means reading industry publications, attending conferences, and following thought leaders on social media.

Start experimenting with new technologies: Don't wait until these technologies are fully mature before you start using them. Get involved in early-stage trials and pilot projects.

Build a culture of innovation: This means creating an environment where employees feel comfortable experimenting and taking risks.

Invest in training and development: Make sure your employees have the skills they need to use these new technologies.

By taking these steps, businesses can position themselves to take advantage of the opportunities that these emerging technologies offer.

INSPIRATIONAL QUOTES

If you believe in yourself and have dedication and pride - and never quit, you'll be a winner. The price of victory is high but so are the rewards.

– **Bear Bryant**

Don't judge each day by the harvest you reap but by the seeds that you plant.

– **Robert Louis Stevenson**

Keep your face always toward the sunshine - and shadows will fall behind you.

– **Walt Whitman**

Karachi

Nov 06-07 CRITICAL THINKING AND ANALYTICAL SKILLS

Nov 06-08 DATA ANALYSIS TECHNIQUES FOR EFFECTIVE DECISION MAKING

Nov 13-14 MANAGING MULTIPLE PROJECT

Nov 13-14 CONTRACT MANAGEMENT

Nov 13-15 DEVELOPMENT COURSE FOR SUPERVISORS

Nov 20-21 CREATING ORGANIZATIONAL EXCELLENCE

Nov 20-21 UNDERSTANDING PPRA RULES

Nov 20-22 PRINCIPLES OF GOOD MANAGEMENT

Lahore

Nov 06-07 DEVELOPING EMPLOYEE PERFORMANCE MEASUREMENT AND KPI SYSTEM

Nov 06-07 ASSERTIVENESS SKILLS

Nov 06-07 LEADER AS A COACH

Nov 13-15 FINANCE AND ACCOUNTING FOR NON-FINANCIAL EXECUTIVES

Nov 13-14 HOW TO IMPROVE MORALE, MOTIVATION AND COMMITMENT

Nov 13-14 MANAGERIAL PSYCHOLOGY

Nov 15-16 MAINTENANCE MANAGEMENT WITH TPM

Nov 20-21 EFFECTIVE PRESENTATION SKILLS

Nov 20-21 NEGOTIATION SKILLS

Nov 22-23 STRESS MANAGEMENT

Nov 22-23 SUPPLY CHAIN MANAGEMENT

Nov 27-29 PRODUCTION OPERATIONS MANAGEMENT

Nov 29-Dec 1 TRAINING TECHNIQUES FOR TRAINERS

Islamabad

Nov 02-03 EVENT MANAGEMENT SKILLS

Nov 06-08 EFFECTIVE COMMUNICATION SKILLS

Nov 08-10 ADVANCED MS OFFICE

Nov 13-15 IMPROVING PERSONAL EFFECTIVENESS

Nov 16-17 THE ART OF MARKETING

Nov 20-21 QUALITY ASSURANCE AND MANAGEMENT

Nov 20-22 TAXATION LAWS OF PAKISTAN

Nov 23-24 HABITS OF SUCCESSFUL PROFESSIONALS

Nov 27-28 CONFLICT MANAGEMENT

Nov 29-Dec 1 TEAMWORK: GETTING PEOPLE TO WORK TOGETHER

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